

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
APRIL 18, 2005**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, April 18, 2005.

The meeting was called to order by Chairman Greg A. Krodel who presided.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Greg A. Krodel – Chairman
Mike Harder – Vice Chairman
Ken Sendelweck – Secretary
Michael A. Schwenk – Electric Commissioner
Jeffrey S. Theising – Water Commissioner
Edward J. Kreilein – Wastewater Commissioner
Alex Emmons – Gas Commissioner

ALSO PRESENT:

Jerry Schitter – Electric Distribution Manager
Windell Toby – Electric Generation Manager
Thomas A. Lents – Wastewater Manager
Michael A. Oeding – Gas & Water Manager
Kenneth R. Schultz – Business Manager
Sandy Hemmerlein – City Attorney

PLEDGE OF ALLEGIANCE (A-28)

Chairman Greg Krodel led the Pledge of Allegiance.

BID OPENING: COAL SUPPLY – ELECTRIC GENERATION (A-36)

Sandy Hemmerlein stated the request for bids was published in the Herald on March 28, 2005 and on April 4, 2005. She also stated Windell Toby requested bids from 4 companies.

Hemmerlein reminded the Board that we have a 3-year contract with Phoenix Natural Resources, which is up for renewal. PNR previously gave us a quote of \$49.00 per ton for coal, but according to the contract, the City has the right to seek other bids, and if the bids are lower than PNR's bid, PNR has the right to match it.

Hemmerlein read the only bid received as follows:

- | | | |
|----|---------------------------------|-------------------------------------|
| 1. | Solar Sources
Petersburg, IN | \$50.00 per ton FOB Cannelburg mine |
|----|---------------------------------|-------------------------------------|

Price to escalate 2.5% per year beginning on 7-1-05.

Mike Harder made a motion for Windell Toby to take the bids under advisement and report back at the next meeting. Ed Kreilein seconded the motion. Motion approved, 7-0.

QUOTE OPENING: NEW SCADA SYSTEM – ELECTRIC DISTRIBUTION (A-114)

Sandy Hemmerlein stated that Jerry Schitter requested proposals from 6 companies and he received 6 quotes.

Hemmerlein read them aloud as follows:

1. Siemens PT & D, Inc. \$118,475.00
San Jose, CA

The quote included a signed non-collusion affidavit.

2. Open Systems International, Inc. \$87,600.00
Minneapolis, MN

Hemmerlein stated she couldn't immediately locate a non-collusion affidavit.

3. Survalent Technology Corp. \$87,900.00
Mississauga, Ontario, Canada

The quote included a signed non-collusion affidavit.

4. QEI, Inc. \$79,274.00
Springfield, NJ

The quote included a signed non-collusion affidavit.

5. Advanced Control Systems \$79,500.00
Norcross, GA

The quote included a signed non-collusion affidavit.

6. C3-ILEX, Inc. \$58,800.00
Fremont, CA

The quote included a signed non-collusion affidavit.

Jeff Theising made a motion for Jerry Schitter to take the quotes under advisement and report back at the next meeting. Mike Schwenk seconded the motion. Motion approved, 7-0.

APPROVAL OF MINUTES – MARCH 21, 2005 REGULAR MEETING (A-261)

Chairman Krodel presented the minutes of the March 21, 2005 Regular meeting and asked if there were any corrections to be made. Ken Sendelweck stated he wanted to make a correction to Page 20 under the “Generator Turbine Report”, the date for the generator short out was reported as February 17, 2005 and the date should have read March 8, 2005.

Ed Kreilein made a motion to approve the March 21, 2005 Regular meeting minutes as amended. Mike Schwenk seconded the motion. Motion approved, 7-0.

APPROVAL OF MINUTES – MARCH 24, 2005 SPECIAL MEETING (A-285)

Chairman Krodel presented the minutes from the March 24, 2005 Special meeting and there being no corrections or amendments, asked for a motion to approve. Ken Sendelweck made a motion to approve the minutes of the March 24, 2005 meeting as presented. Mike Schwenk seconded the motion. Motion approved, 7-0.

APPROVAL OF MINUTES – APRIL 6, 2005 SPECIAL MEETING (A-294)

Chairman Krodel presented the minutes of the April 6, 2005 Special meeting and there being no corrections or amendments, asked for a motion to approve. Jeff Theising made a motion to approve the minutes of the April 6, 2005 meeting as presented. Mike Harder seconded the motion. Motion approved, 7-0.

PARKING AREA & DRIVE PAVING – ELECTRIC DISTRIBUTION (A-308)

Jerry Schitter stated he had the Line Department parking area and drive paving project scheduled for later in the 2nd quarter, but J. H. Rudolph is going to be paving at the end of 8th St. later this week and Schitter asked for Board approval to proceed with the project while they are in the area. J. H. Rudolph quoted the project cost at \$25,000.

Ed Kreilein made a motion to allow Jerry Schitter to proceed with paving the Line Department parking area and drive for \$25,000. Jeff Theising seconded the motion. Motion approved, 7-0.

Sandy Hemmerlein reported that the 2 variances that Jerry Schitter needed for his wire storage building have been approved by the Board of Zoning Appeals.

UPDATE – TURBINE OVERHAUL (A-346)

Windell Toby reported there were no major problems found during the turbine overhaul. They are starting to reassemble it.

UPDATE – COOLING TOWER ASBESTOS REMOVAL (A-350)

Windell Toby reported the asbestos has been removed from the cooling tower and next week they will start putting up new fiberglass siding.

UPDATE – GENERATOR REPAIRS (A-353)

Windell Toby reported he received an email from Jim Timperley of AEP stating the rotor is on-site at National Electric Coil and upon inspection they discovered a lot of problems and recommended a complete rewind of the rotor.

Toby said when we received proposals several weeks ago, GE was the low bidder for rotor rewind and balancing, but the rotor is now on-site at NEC. GE's proposal was \$195,000 for the rewind and \$45,000 for balancing, and NEC's proposal was \$274,000 to rewind the rotor in 4 weeks and \$219,000 to rewind the rotor in 8 weeks, which did not include balancing the rotor.

Toby said he will have to contact both companies on Tuesday to see if these prices are still good, but asked for direction from the Board.

Mike Schwenk said it's difficult to make a decision about the rotor without all of the facts and we need to contact GE, NEC, and AEP to find out what our "out of pocket" would be.

Toby stated Monarch Electric should be back on-site on Wednesday to work on the stator and hopefully they will be finished by the end of the week.

Ken Sendelweck made a motion for Windell Toby to do additional fact finding on Tuesday and report to the Electric Commissioner, and between them they can decide if there needs to be a committee meeting and/or a full Board meeting, and if they find the bid to be acceptable, reasonable, and comparable, the Board authorized Windell Toby to proceed with the best option. Ed Kreilein seconded the motion. Motion approved, 7-0.

Mike Schwenk said in his opinion it is the consensus of the Board that we do want to repair the rotor and get the generator going, and as long as we get a comparable price, with the benchmark start up date of June 1st, and if we're within \$20,000 - \$30,000 of that price.

Sandy Hemmerlein stated that at the April 6, 2005 Special meeting, after a lengthy discussion with Jim Timperley, a motion was made accepting AEP's proposal, at their expense, with insurance to be in place. After the meeting, she received a fax and she also received a certified letter a few days later from Mark Marano of AEP. Hemmerlein said AEP was asking for signature on a letter, which she felt was a total modification of what we had already accepted during that meeting earlier that day. In the letter AEP said if the cost of the services they had previously agreed to pay for was in excess of \$75,000, that they would ask for our reimbursement and they asked for a total waiver and release from the work they've done in the past and also from the testing and repair services they were doing now.

Hemmerlein said her first hope was that this was a miscommunication within their company because she felt like these terms were not part of their proposal made to the Board. When she attempted to contact Mr. Marano, she was put in touch with Edward Jayjack, Director of Contract Administration, to explain to him that this was not told to us at the meeting and it was not part of the agreement that we had entered into with them. His response was he did not believe it was contradictory at all. As a result of the conversation, Mr. Jayjack provided Hemmerlein with repair estimates to show how they arrived at the \$75,000 figure. Mr. Jayjack is also requesting signatures to the letter.

Hemmerlein stated Monarch Electric has started their work, but they are gone now because the replacement stator bar was not the right size and they had to fabricate a new stator bar. They should be back on-site Wednesday with 2-3 days of work to complete.

Hemmerlein recently received another email from Mr. Jayjack stating the generator stator repairs are proceeding as planned, and repairs to the suspect stator connections, approximately 20, are in progress, and replacement of the generator stator bar is getting worked out. He stated they are still confident in the repair services program and the estimate provided for the stator repairs in the proposed program and agreement.

Hemmerlein said she told Mr. Jayjack she would present this letter to the Board, but her position is it's a modification of what we previously agreed to.

Hemmerlein told the Board that she would not be doing her job if she recommended signing the letter. She said we've asked for insurance from AEP, Monarch, and NEC, and we certainly don't want to do anything that would contradict having insurance on file. If something goes wrong, it is AEP's position that they don't owe us anything, but rather that they are doing this as a measure of goodwill, good business practice, and maintaining integrity behind their services.

Alex Emmons asked if Mr. Timperley has talked to anyone about this issue since the special meeting on April 6th. Sandy Hemmerlein said she understood through conversations with Mike Gadlage that AEP asked Mr. Timperley what it would cost and he indicated to them it would be about \$75,000, but he was not aware it would become part of an agreement that we would be asked to sign later. Hemmerlein said Mr. Jayjack told her that Mr. Timperley knew about the \$75,000. Hemmerlein said she questioned Mr. Jayjack about why Mr. Timperley never said anything about it if he knew.

Council member Renee Kabrick asked Sandy Hemmerlein about the consequences if the Board doesn't sign the letter. Hemmerlein said it was not discussed.

Ken Sendelweck said he feels they made a commitment and they should be held accountable.

After some discussion, it was the consensus of the Board that they appreciate AEP's goodwill and high integrity, and they expect that AEP will do what they committed to do, but they will not agree to sign the letter at this time. Sandy Hemmerlein said she would reply to Mr. Jayjack.

Council member Renee Kabrick asked Windell Toby if he would also compare warranties with NEC and GE. Toby responded he would check on the warranties.

ELECTRIC PLANNING COMMITTEE REPORT (A-730)

Mike Schwenk, Chairman of the Electric Planning Committee, stated the committee had not met this past month.

NEWTON ST. WATER TOWER PROJECT (A-732)

Mike Oeding reported that Pittsburgh Tank, a sub-contractor for the painting company, is doing the metal fabrication. They have installed a second man-way, which is OSHA required, a new stationery

ladder, a new lid over the top, and they have closed up the other vent holes. They will soon be ready for sandblasting.

COLOR FOR NEWTON ST. WATER TOWER (A-747)

Mike Oeding reported he talked to several Council members and Board members and the general consensus is to go with the “tank white” paint.

Ken Sendelweck made a motion to proceed with the white paint for the Newton St. water tower. Alex Emmons seconded the motion. Motion approved, 7-0.

Oeding said inspectors would be brought on-site as soon as the metal work is done.

STATE ROAD 56 PROJECT (B-11)

Mike Oeding reported the water project is over 90% complete. They are using the new pit and metering water to Ireland. The old pit is shut off. Seeding work was done today.

The gas project has not been started.

GAS COMMITTEE MEETING – GAS PURCHASING POLICY (B-37)

Mike Oeding asked the Board to stay after the meeting to try to schedule a gas committee meeting.

GAS PLANNING COMMITTEE REPORT (B-51)

Alex Emmons, Chairman of the Gas Planning Committee, stated the committee had not met this past month.

WATER PLANNING COMMITTEE REPORT (B-55)

Jeff Theising, Chairman of the Water Planning Committee, stated the committee had not met this past month.

ACCEPT QUOTE – 36TH ST. TRENCHLESS SEWER LINE INSTALLATION (B-57)

Tom Lents reported that after reviewing the quotes for the 36th St. sewer line installation, the low quote was from Robinson Trenching & Boring for \$19,900.00.

Mike Harder made a motion to accept the low quote from Robinson Trenching & Boring for \$19,900.00. Mike Schwenk seconded the motion. Motion approved, 7-0.

ACCEPT QUOTE – 400 WEST LIFT STATION GENERATOR (B-78)

Tom Lents reported that after reviewing the lift station generator quotes, the low quote was from Whayne Supply for \$16,813.00.

Ed Kreilein made a motion to accept the low quote from Whayne Supply for \$16,813.00. Alex Emmons seconded the motion. Motion approved, 7-0.

REQUEST FOR SEWER SERVICE (B-95)

Tom Lents came before the Board on behalf of Dave & Jan Flynn to request an extension of the City sanitary sewer to their property, outside of the City limits, just west of Country Crossing, in the Kellams Addition.

Lents presented a map.

Lents said City Engineer Chad Hurm determined it would not be feasible to annex their property at this time.

Lents said they were told they have to sign an annexation waiver, they will have to purchase a grinder pump, and they were told about the monthly debt service fee, but he will revisit those issues with them.

Ed Kreilein made a motion to allow Dave & Jan Flynn to connect to the City sewer, subject to signing the annexation waiver. Jeff Theising seconded the motion. Motion approved, 7-0.

MANHOLE LINING PROJECT (B-162)

Tom Lents asked for Board approval to proceed with the manhole lining project.

Lents explained these are manholes on the end of force mains coming from lift stations so they are exposed to more acids and it is deteriorating the concrete.

Lents said there are 6 manholes to be lined at a cost of \$17,130.00.

Spectra Tech will do the lining and Lents explained they are the only company in the area with this technology.

Ken Sendelweck made a motion to approve the manhole lining by Spectra Tech for \$17,130.00. Mike Schwenk seconded the motion. Motion approved, 7-0.

SEWER LATERAL INSPECTION REQUIREMENTS (B-194)

Tom Lents explained this proposed change to the ordinance is a way to get extraneous water out of the sewer system. Lents said he knows a great deal of it is coming from privately owned lines, and the difficulty has been identifying them and getting people to repair them.

This inspection requirement has been used in some cities and towns for a number of years. IDEM is pushing for it, but not requiring it.

The proposal is to inspect sewer lateral lines, at no cost, before property is transferred from one owner to another. This will apply to residential as well as commercial property. If a problem is found, the property owner will have to make the repairs at their expense before they will be issued a certificate

showing they are in compliance. Lents explained if the property owner refuses the inspection, water service could be withheld from the property.

Council member Butch Schitter asked how water service would be withheld if the property is serviced by Ireland Water or Dubois Water. Sandy Hemmerlein said the resolution states water service would be withheld; it does not specifically state Jasper water, but if it becomes a real issue, we could work with Ireland Water or Dubois Water.

Ed Kreilein made a motion to recommend to the City Council Resolution #USB 2005-2 regarding sewer lateral inspections. Jeff Theising seconded the motion. Motion approved, 7-0.

WASTEWATER PLANNING COMMITTEE REPORT (B-349)

Ed Kreilein, Chairman of the Wastewater Planning Committee, stated the committee had not met this past month.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (B-353)

Ken Sendelweck reported the Finance Committee had met and reviewed the claims on the Claim Docket.

Also presented was a claim on behalf of Harrison & Moberly, LLP in the amount of \$28,864.36, representing legal services relating to the Titan liquidated damages issue for the Wastewater Project. SRF and BIF funds have been exhausted, therefore after Utility Service Board approval, the above referenced claim will be paid from Wastewater funds.

The Finance Committee recommended approval of the claims as presented.

Jeff Theising made a motion to approve the claims as presented. Mike Schwenk seconded the motion. Motion approved, 7-0.

TITAN/CINCINNATI MEDIATION REPORT (B-371)

Sandy Hemmerlein reminded the Board that they gave settlement authority to a group at the last special meeting and that group met last Thursday. Unfortunately, the attorney for Cincinnati Insurance had a scheduling conflict and could only stay half of the day.

The good news is they felt it was worthwhile to meet again and they are trying to find a date in the first week of May to reconvene.

There being no further business to come before the Board, the meeting was adjourned at 8:28 PM upon motion by Alex Emmons and second by Jeff Theising. Motion approved, 7-0.

Attest: _____
Secretary Chairman